

## Message Text

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73

ACTION EUR-25

INFO OCT-01 ADP-00 SS-14 EB-11 NSC-10 CIEP-02 STR-08

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 7160

C O N F I D E N T I A L MOSCOW 2745

SHUTO 0039

E. O. 11652: GDS

TAGS: OVIP ( SHULTZ, GEORGE)

SUBJ: SHULTZ VISIT: MEETING WITH NOVIKOV

1. SECRETARY SHULTZ MET WITH V. N. NOVIKOV, DEPUTY CHAIRMAN, COUNCIL OF MINISTERS, MARCH 13 FOR APPROXIMATELY TWO HOURS. NOVIKOV WAS AFFABLE, INFORMED, AND STRAIGHT-FORWARD.

2. HIGHLIGHTS OF CONVERSATION WERE AS FOLLOWS:

A. SECRETARY SHULTZ EXPLAINED FORMATION OF NEW EAST-WEST TRADE POLICY COMMITTEE AS EVIDENCE OF PRESIDENT' S CONTINUED INTEREST IN PROMOTION OF EAST- WEST TRADE. SHULTZ POINTED TO HIS OWN ROLE BOTH ON THIS COMMITTEE AND JOINT COMMERCIAL COMMISSION WHICH WOULD GIVE HIM CHANNEL A FOR DEVOTING SPECIAL ATTENTION TO TRADE WITH SOVIET UNION. NOVIKOV SAID HIS POSITION AS CHAIRMAN OF COMMISSION ON FOREIGN ECONOMIC RELATIONS, WHICH DEALS ONLY WITH TRADE WITH WEST, PROVIDED HIM WITH SIMILAR MECHANISM WITH RESPECT TO COMMERCIAL RELATIONS WITH U. S.

B. NOVIKOV NOTED THAT WITH RESPECT TO WESTERN SIBERIAN GAS PROJECT ( NORTH STAR) SOVIETS WERE  
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NEAR COMPLETION OF MORE FEASIBILITY STUDIES AND WOULD SOON BE INVITING RELEVANT AMERICAN COMPANIES ( TENNECO CONSORTIUM) TO MOSCOW FOR FURTHER DISCUSSIONS. SECRETARY SHULTZ IN TURN DESCRIBED PROBLEM IN US OF DOMESTIC VERSUS FOREIGN GAS SOURCES AND DIFFERENT POSSIBLE EFFECTS GAS PRICES IN US COULD HAVE ON FUTURE DEVELOPMENTS, WITH A SPECIAL REFERENCE TO SOVIET LNG.

C. ON AGRICULTURAL MATTERS NOVIKOV OBSERVED SHIPMENT OF GRAIN PURCHASED FROM U. S. WAS BEHIND SCHEDULE. HE EXPRESSED APPRECIATION HOWEVER, FOR ENERGETIC STEPS BEING TAKEN TO SPEED UP DELIVERIES. AS REGARDS POSSIBLE PURCHASES IN 1973, NOVIKOV SAID WAS TOO EARLY TO SAY. MUCH WOULD BE DETERMINED BY WHAT HAPPENS THIS SPRING AND TRADITIONALLY SOVIET DO NOT GET SOLID BASIS FOR PROJECTIONS UNTIL JUNE. HE SAID THUS FAR THE OUTLOOK FOR WESTERN GRAINS IS GOOD. SECRETARY SHULTZ POINTED OUT WE WANTED TO AVOID BOTTLNECK SITUATION IN GRAIN CARRIAGE THIS YEAR. WE ALSO WANTED GRAIN PRICES TO BE REASONABLE BOTH FOR U. S. CONSUMER AND FOREIGN BUYER. HE SAID OBVIOUSLY THE SOONER WE KNEW WHAT SOVIET PURCHASES MIGHT BE THE SOONER WE COULD MAKE OUR OWN PLANS, INCLUDING POSSIBLY AN EXPANSION OF ACREAGE.

D. ON QUESTION OF MFN FOR SOVIET UNION, SECRETARY SET FORTH PRINCIPAL ELEMENTS ON WASHINGTON SCENE, STRESSING DEEP FEELINGS ENTERTAINED BY MANY MEMBERS OF CONGRESS ON ISSUE. HE NOTED THERE ARE SEVERAL POSSIBLE OPTIONS TO BE FOLLOWED RESPECTING THIS ISSUE AND WHOLE TRADE LEGISLATION PACKAGE. HE STRESSED TO NOVIKOV NEED FOR SOVIET SIDE TO CONSIDER EFFECTS ON WASHINGTON SCENE MOVES FROM THEIR SIDE COULD HAVE.

E. NOVIKOV TOLD SECRETARY HE SHOULD TOUCH ON FOREGOING MATTERS IN AT LEAST AS MUCH DETAIL IN CONVERSATION MARCH 14 WITH BREZHNEV.  
SHULTZ

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\*\*\* Current Handling Restrictions \*\*\* n/a

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